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TREASURY FOR INTERNATIONAL AFFAIRS

E.O. 12958: DECL: 01/23/2012

TAGS: [EFIN](#) [PREL](#) [ETTC](#) [TU](#) [IR](#)

SUBJECT: IRAN EXPORT CREDIT DEMARCHE -- TURKEY

REF: A. SECSTATE 4760

[1](#)B. 06 ANKARA 6746

[1](#)C. 06 ANKARA 6697

[1](#)D. 06 ANKARA 6687

[1](#)E. 06 ANKARA 4647

Classified By: Economic Counselor Tom Goldberger for reasons 1.4(b) and (d).

[1](#)1. (C) Summary: Turkish Eximbank is open only for short-term trade credit to Iran. Its total volume of transactions in 2006 was only \$72 million. The MFA official to whom we delivered ref a demarche expressed doubt that Turkey would take actions that go beyond UN sanctions on Iran. End Summary.

Turkish Exim's Small Volume with Iran

[1](#)2. (C) According to Turkish Eximbank's Deputy Managing Director, Alev Arkan, Turkish Exim is only open for short-term trade credit with Iran, up to 180 days. The transactions typically cover consumables, typically for textiles, pharmaceuticals or paper goods. Total volume in 2006 was \$72 million. Arkan said at any one time total outstandings were a fraction of that figure. Arkan said their volume with Iran has decreased over the past two years as Iranian buyers' improved financial position has enabled them to pay on a cash basis rather than asking Turkish suppliers to obtain Eximbank support. Turkish Exim also has a cooperation agreement with its Iranian counterpart, which Arkan said is used primarily to exchange information about Turkish and Iranian companies and for staff exchange programs.

Demarche to MFA

[1](#)3. (C) Although Minister of Foreign Trade Kursad Tuzmen has the lead in the GOT on Turkish Eximbank issues, Arkan said the MFA takes foreign policy-related decisions about which countries Turkish Exim can extend credit to.

[1](#)4. (C) We delivered ref a demarche to Ali Bozcaliskan, responsible for bilateral economic relations with Middle Eastern countries in the MFA. Bozcaliskan, like numerous other Turkish officials (refs b through e), expressed doubt about Turkey taking actions that go beyond UN sanctions. He went over the now-familiar litany of reasons why it was not in Turkey's interest to do so: Iran's status as a

neighbor; the importance of trade with Iran to Turkey's impoverished eastern regions; the importance of Turkish truck transit through Iran to Central Asia; Iran's importance as an energy supplier to Turkey; and Turkey's desire to expand exports to Iran to balance Iran's large energy exports to Turkey.

Turkish-Iranian Bilateral Economic Commission to Meet

15. (C) Bozcaliskan said that Turkey and Iran are planning to hold a Joint Economic Commission (JEC) meeting in late February in Ankara. Bozcaliskan said the Iranians had recently decided to have Foreign Minister Mottaki, rather than their Transport Minister, lead the Iranian delegation. On the Turkish side, the delegation will be led by Foreign Trade Minister Tuzmen. Bozcaliskan said planning is moving forward despite the Iranians having failed to fulfill their commitment to deposit one billion euros in a Turkish bank account to help finance Turkish exports to Iran as was agreed in the preparation negotiations for the JEC, which were held November 13 -14, 2006. (We will seek additional information on the Commission meeting.)

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